

REINVENTING *M*ICHIGAN

Getting It Right. Getting It Done.



2011 Accomplishments

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One year ago, this administration pledged to lay the groundwork for Michigan's economic recovery by driving an ambitious reform agenda.

Today, Michigan is getting it right and getting it done. Working together, we approved a structurally balanced budget that eliminates the state's \$1.5 billion deficit while still protecting our priorities. And we did it in record time.

One year ago, Michigan barely had enough money saved in the rainy day fund to run the state for 30 minutes. Today, we are paying down our long-term debt and saving for the future. While the federal government's uncontrolled spending drives our country deeper and deeper into debt, here in Michigan we are taking responsible steps to put our fiscal house in order.

One year ago, Michigan had one of the most anti-business climates in the nation. Now, Michigan has one of the best because we repealed the job-killing Michigan Business Tax and replaced it with a flat, 6-percent corporate income tax that is simple, fair and efficient. We ended the unfair double tax on small businesses.

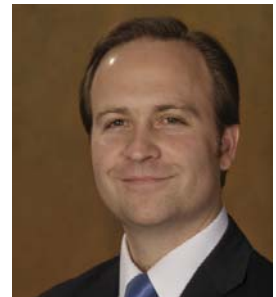
These steps are putting Michigan in a stronger position. Working together, we are creating a stable environment where businesses can invest, create jobs and grow, and our young people can raise families of their own.



Rick Snyder, Governor



Brian Calley, Lt. Governor



Jobs

- ✓ **Repealed the job-killing Michigan Business Tax and replaced it with a flat 6-percent corporate income tax that is simple, fair and efficient.**
- ✓ **Ended the unfair double tax on small business owners.**
- ✓ Leveled the playing field for all job creators by eliminating the Michigan Business Tax's loopholes.
- ✓ Added rural development to the agriculture department's mission to help build the economy in rural areas.
- ✓ **Refocused the Michigan Economic Development Corp. to provide greater assistance to Michigan businesses and focus on an economic gardening strategy to help local businesses grow.**
- ✓ Strengthened the Michigan Agriculture Environmental Assurance Program to help farmers run environmentally sound operations that are economically viable.
- ✓ Eliminated the outdated and costly Item Pricing Law to help businesses in Michigan stay competitive while still protecting consumers.
- ✓ **Set up a stable funding source for the successful Pure Michigan advertising campaign to help the tourism industry grow.**
- ✓ In partnership with the Michigan Economic Development Corp., Varum law firm offered \$1 million in free legal services to help small start-up companies.
- ✓ **Launched Pure Michigan Business Connect, which will result in \$8 billion of investment and capital being made available to Michigan businesses so they can grow.**
- ✓ Reformed the film subsidy so that it is sustainable, but still included \$100 million in the budget to help the industry grow.
- ✓ Included \$75 million for the 21st Century Jobs Fund to help promote economic development, including funding for Brownfield and Historic Preservation Credits.
- ✓ Established the Global Michigan Immigration Initiative and the Cultural Ambassador program to attract and welcome immigrants with advanced degrees to Michigan, thereby creating more opportunities for high tech companies and job growth across the state.
- ✓ Dissolved the Michigan Home Based Child Care Council, allowing daycare owners to keep more of their earnings.
- ✓ **Directed the Michigan Economic Development Corp. to coordinate with local and regional economic development efforts.**
- ✓ Proposed a comprehensive plan to reinvent our educational system in order to make sure our students are able to compete in the global economy.
- ✓ Traveled to Japan, China and South Korea on a trade mission to build relationships that will lead to new investment in Michigan and open new markets for Michigan-made products and services.
- ✓ **Created a stable business environment, providing certainty that allows businesses to plan long-term and invest.**
- ✓ Laid out a plan to help lower the unemployment rate by developing and connecting talent.



Jobs (continued)

- ✓ Expanded the 21st Century Jobs Fund to help the agriculture community create jobs in rural areas and make the fund available to more technology industries.
- ✓ **Launched the Talent Connect website www.mitalent.org to help those considering education and training opportunities make informed decisions that will lead to employment in fields where jobs are in demand. The MiTalent website also has position listing to help connect job seekers and employers.**
- ✓ Completed the budget the earliest it has been finished in 30 years, providing certainty and clarity to schools, local governments, hospitals, universities and other areas funded by the state, as well as providing stability that will allow businesses to make plans to expand and create jobs.
- ✓ **Unemployment is under 10 percent for the first time in three years.**

Putting Michigan's fiscal house in order

- ✓ **Approved a structurally balanced budget that eliminates the state's \$1.5 billion deficit without using any accounting gimmicks, resulting in Fitch Ratings upgrading Michigan's outlook to positive**
- ✓ **Bloomberg reported Michigan is having the second fastest economic recovery in the nation.**
- ✓ Proposed a two-year budget that focuses on long-term planning.
- ✓ Met with rating agencies in New York to discuss improving Michigan's bond rating, which will save taxpayers millions of dollars in borrowing costs.
- ✓ **Demonstrated responsibility by putting \$255 million into the state rainy day fund – the first significant deposit in more than a decade. Without this, Michigan only had enough money saved up to run the state for 30 minutes.**
- ✓ Proposed a comprehensive local government reform plan that focuses on adopting best practices and regional cooperation so taxpayers get value for money.
- ✓ **Put more than \$400 million toward paying down unfunded liabilities. Under the old way of doing things, the state was operating on an irresponsible cash in, cash out basis and not planning for the future.**
- ✓ **Approved a plan to deal with the unsustainable cost of employee retirement health care benefits, which will result in a \$5.6 billion reduction of these long-term liabilities, cutting unfunded retirement health care liabilities by more than a third.**
- ✓ **Worked through the collective bargaining process to reach contract agreements with Michigan's state employee unions and create a more sustainable compensation model.**
- ✓ Avoided thoughtless across-the-board cuts and instead made a careful review of state government.
- ✓ Tied state funding to measured outcomes through the use of performance metrics.



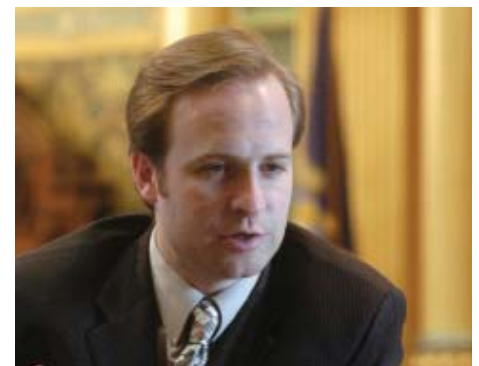
Education

- ✓ Devoted 53 percent of state resources in the budget to education – more than all other areas of the budget combined.
- ✓ Provided an incentive for universities to keep tuition rate increases down.
- ✓ **Preserved 98 percent of K-12 funding and worked with lawmakers from both parties to make sure schools funding was cut by less than 2 percent. Schools were encouraged to utilize best practices.**
- ✓ Focused on creating a performance-based education system that puts students first.
- ✓ **Proposed education reforms aimed at transforming Michigan's educational system from one still rooted in the days of a mostly farm-based society to one that prepares students for the technological age of today and jobs of tomorrow.**
- ✓ Linked a portion of K-12 school funding to implementing best practices (such as competitive bidding and sensible consolidation) in order to ensure more funds go into the classroom instead of to administrative costs.
- ✓ **Created the Michigan Office of Great Start to focus on and coordinate early childhood development and ensure kids are ready to succeed on their first day in the classroom.**
- ✓ Signed anti-bullying legislation that requires schools to develop and enforce policies to protect students from harassment, intimidation and physical violence.
- ✓ Supported expanding charter schools to give parents and students more choices.
- ✓ **Approved teacher tenure reform legislation, making it easier to remove ineffective teachers from the classroom and ending the "Last In, First Out" practice through which schools made staffing decisions based on seniority instead of performance.**
- ✓ Created the Education Achievement System to revamp the lowest performing schools.



Protecting the vulnerable

- ✓ **Kept Medicaid provider reimbursement rates intact in order to protect the most vulnerable.**
- ✓ **Preserved jobless benefits for 35,000 unemployed Michigan residents.**
- ✓ Appointed longtime children's advocate and former Michigan Supreme Court Justice Maura Corrigan to head the Michigan Department of Human Services.
- ✓ Developed and launched an online Summer Food Service site locator for low-income families to find free and nutritious summer meals for children.
- ✓ Approved legislation giving patients in rural areas more control over where they receive medical treatment.



Protecting the vulnerable (continued)

- ✓ Hired hundreds of highly qualified Michigan college graduates to work in children's protective, foster care, adoption, juvenile and home licensing services to improve the child welfare system.
- ✓ Gave retired dentists who volunteer their services immunity from lawsuits to ensure more low-income families have access to dental care.
- ✓ Created an heirloom birth certificate to raise funds for the Michigan Children's Trust Fund.
- ✓ **Renegotiated the federal consent decree, providing better protection for Michigan's children.**
- ✓ Worked with the Legislature to pass laws that streamline the path to permanency for children in foster care.
- ✓ Launched a new program that will more closely track children in the child welfare system.
- ✓ **Enabled a more mobile work force by providing laptops and mobile phones to children services workers so they can spend more time in the field getting their jobs done and less time in the office on paperwork and data entry.**
- ✓ Expanded the partnership between the Veterans Administration and the aging network to provide home-based, long-term care support and services to veterans and their caregivers.
- ✓ Extended protections against home foreclosure by an additional six months so that homeowners who are behind on their payments have a procedure to try to work with their lenders to modify loan agreements.
- ✓ **Issued an executive order establishing a commission to study how to improve legal representation for low-income defendants.**
- ✓ Signed legislation protecting licensed health care providers who volunteer their services at nonprofit clinics from lawsuits, in order to help ensure access to medical care for low-income citizens.
- ✓ Authorized physician assistants to take more responsibility for patient care in order to help alleviate Michigan's growing doctor shortage.
- ✓ **Signed anti-bullying legislation that requires schools to develop and enforce policies to protect students from harassment, intimidation and physical violence.**
- ✓ Signed mortgage fraud protection legislation into law.
- ✓ Banned partial-birth abortion except when necessary to protect the life of the mother.
- ✓ **Switched to a 1 percent health care claims assessment in order to ensure the state receives more than \$780 million of federal funding for medical treatment for low-income residents.**
- ✓ Called attention to Michigan's obesity epidemic through a special message to the Legislature on health and wellness.
- ✓ **Changed the law so that young people aging out of Michigan's foster care system may continue to receive support until age 21 as long as they are in school or working.**
- ✓ Held summits on obesity and infant mortality to gather input from experts and develop plans to combat these pressing health issues.
- ✓ Created a registry to help public officials identify the factors that may contribute to the death of a child in foster care.
- ✓ **Working to establish the MiHealth Marketplace so consumers can make informed decisions when purchasing health care.**

Regulatory reform

- ✓ **Created the Office of Regulatory Reinvention to review and streamline regulations.**
- ✓ Reorganized the former Department of Energy, Labor and Economic Growth into the Department of Licensing and Regulatory Affairs to sharpen its mission and better coordinate programs across state government.
- ✓ **Prohibited costly and burdensome ergonomic mandates.**
- ✓ Created the Office of Environmental Assistance to focus on pollution prevention, compliance assistance and customer service.
- ✓ Updated landline telephone service regulations to keep pace with changing technology.
- ✓ **Established Advisory Rules Committees to review rules and make recommendations to the Office of Regulatory Reinvention on how to improve Michigan's regulatory system to make it more conducive to business growth and job creation.**
- ✓ Modernized the Occupational Code to eliminate requirements that brokers display real estate licenses by hanging them on their wall.
- ✓ **Signed legislation to streamline regulations and eliminate red tape by requiring the Department of Environmental Quality to regularly review regulations to determine if they are still necessary.**
- ✓ Required the Department of Environmental Quality to be more customer-service oriented by providing reasons when it denies permits and requiring it to meet with permit holders prior to initiating enforcement action.
- ✓ **Reduced the average permit review and approval time for air quality permits from 180 days to 60 days.**
- ✓ Established customer service surveys for those that interact with state agencies to improve service.



Tax reform

- ✓ Repealed the job-killing Michigan Business Tax and replaced it with a flat, 6-percent corporate income tax that is simple, fair and efficient.
- ✓ Leveled the playing field for all job creators by eliminating the Michigan Business Tax's loopholes and ending preferential treatment for some companies and industries over others.
- ✓ Ended the unfair double tax on small business owners.
- ✓ Reformed the tax system to make sure the burden is not disproportionately pushed onto young people and ensure seniors and families are protected.



Tourism

- ✓ Set up a stable funding source for the successful Pure Michigan advertising campaign to help the tourism industry grow.
- ✓ Launched a Camping and Recreation Locator app for iTunes, Blackberry and Android phones.
- ✓ Published a 2011 Michigan Transportation Map that enables travelers to use smart phones to scan QR codes to get more information. No other state includes multiple QR codes and links on their map.



Transportation

- ✓ Secured \$350 million from the federal government to help shore up the state's vital freight and accelerated rail network.
- ✓ Worked with the federal government to allow Michigan to count \$550 million from Canada for construction of the New International Trade Crossing as the state's matching funds for road projects, which will allow the state to leverage up to \$2.2 billion for other road improvement projects throughout the state. This project is vital for expanding exports and economic growth.
- ✓ Proposed a comprehensive plan to improve Michigan's critical infrastructure through a special message to the Legislature.



Changing the culture from negative to positive

- ✓ The governor is working to change the tone in Lansing by staying positive and staying out of partisan fighting. He does not waste time on blame.
- ✓ Worked with lawmakers to enact more than 250 pieces of quality legislation. Many bills were approved with strong bipartisan support.
- ✓ Communicated the administration's policy priorities to the Legislature through five "special messages" that offered clear blueprints to accomplish objectives. The special messages focused on local government reform, education, health and wellness, infrastructure and talent development.
- ✓ Completed a structurally balanced budget that eliminates Michigan's \$1.5 billion deficit without using any accounting gimmicks. This is the earliest the budget has been finished in 30 years.



Accessibility & accountability

- ✓ The governor participated in more than 200 public events, held more than 50 news conferences and did more than 400 interviews with reporters in order to share the administration's plans and discuss their importance to the state.
- ✓ Created the Michigan Dashboard to help drive improvements in key areas and provide the state with a gauge to measure success in meeting goals.
- ✓ The governor committed to holding state government accountable for 21 key metrics at the next State of the State.
- ✓ Implemented a web-based system to help local units of government create their own Citizens' Guides so the public can understand complex financial data.



Public Safety

- ✓ **Provided the Michigan State Police with greater flexibility that allows troopers to spend more time in the field under an innovative regional policing plan.**
- ✓ Established an advisory board that will offer recommendations to the Michigan State Police about issues related to the development and use of criminal justice information systems. The goal is to make sure state and local law enforcement agencies are working together to share vital information needed to keep communities safe.
- ✓ Created the Biometrics and Identification Division within the Michigan State Police to emphasize the science and technologies critical to the future of public safety. This follows a model recently established by the FBI, and Michigan is the first state with this concentration highlighted in its organizational structure.
- ✓ **Avoided layoffs of state troopers and graduated a new class of troopers.**
- ✓ Brought Michigan into compliance with the federal Adam Walsh Child Safety and Protection Act.
- ✓ Increased penalties for moving violations committed in school bus safety zones in order to keep school children safe and maintained the school bus safety inspection program.
- ✓ Streamlined the parole board so parole decisions are taken out of the governor's office and rightfully returned to the Michigan Department of Corrections.
- ✓ Stepped up the state's efforts to combat the production of illegal methamphetamines by electronically tracking sales of products containing ingredients needed to make the drug and limiting quantities that can be purchased.
- ✓ Required towing companies to have their vehicles inspected annually to protect all drivers.
- ✓ **Held a cyber security summit to address potential threats. The state is working to develop a cyber command center and response team.**
- ✓ Addressed Flint's spike in violent crime by doubling the number of troopers patrolling the city.
- ✓ Provided support to Detroit's Safe Route to Schools initiative so that students are safe getting home from school.
- ✓ Conducted the state's first catastrophic event exercise in order to prepare for possible large-scale emergencies.
- ✓ Launched a web portal to provide prosecutors and law enforcement agencies information on prisoners scheduled to be released on parole.



Helping communities

- ✓ **Updated Michigan's Emergency Manager Law to give the state an early warning system when local schools and communities are in financial distress and additional tools to regain their fiscal footing and hopefully avoid the need for an emergency manager.**



Helping communities (continued)

- ✓ Assisted the city of Detroit by signing legislation that allows it to continue collecting income tax revenue and utility user fees despite its population decline.
- ✓ **Included funding for Brownfield and Historic Preservation Credits in the budget to help revitalize urban areas.**
- ✓ Assisted local units of government with cash flow management to ensure they would remain fiscally stable.
- ✓ Signed legislation that gives police departments more flexibility by allowing proceeds from the sale of forfeited property to be used for any law enforcement purpose, instead of just drug enforcement efforts.
- ✓ **Established the Office of Urban and Metropolitan Initiatives to focus on reinventing our cities.**

Government reform

- ✓ **Signed legislation ending lawmaker lifetime health care benefits.**
- ✓ Made operations more efficient by consolidating prisons and closing an unneeded facility.
- ✓ Saved taxpayers \$45 million by reorganizing the Michigan Department of Transportation, which included consolidating facilities and focusing on core functions.
- ✓ **Proposed a comprehensive local government reform plan that focuses on adopting best practices and regional cooperation so taxpayers get value for money.**
- ✓ The Department of Technology, Management and Budget eliminated more than 1,100 unnecessary forms and started an automation project that will eliminate paper and hand routing on numerous other forms, saving staff time and office supplies costs.
- ✓ Approved legislation to freeze wages and benefits for public employees during contract negotiations in order to ensure good-faith bargaining.
- ✓ **Linked a portion of K-12 school funding to implementing best practices (such as competitive bidding and sensible consolidation) in order to ensure more funds go into the classroom instead of to administrative costs.**
- ✓ Initiated development of an Electronic Medical and Business Record System (EMBRs) in state owned hospitals/centers to replace paper systems.
- ✓ **Utilized technology to deliver state police services more efficiently instead of cutting troopers.**
- ✓ Signed legislation that will save taxpayers money by making sure Medicaid claims are only paid after other insurance options are exhausted.
- ✓ Protected taxpayers and public safety professionals by making a community's ability to pay a top consideration in the public safety binding arbitration process.



Government reform (continued)

- ✓ **Brought government employee benefits more in line with the private sector by requiring employees to contribute to the cost of their medical benefits.**
- ✓ Removed roadblocks that prevent local units of government from consolidating and sharing services by deleting language in current law that prevents an employee who is being transferred to work on a joint economic development project from being transferred into a lower position.
- ✓ Prohibited minimum staffing requirements in local government labor agreements in order to give communities more flexibility to allocate resources where needed.
- ✓ **Returned welfare to its original intent as temporary assistance by limiting cash assistance to four years for able-bodied people who are capable of working.**
- ✓ Consolidated school board elections to save school districts money and ensure greater participation.
- ✓ Developed an automated system to prevent people with outstanding felony warrants from collecting welfare benefits.
- ✓ **Cracked down on Bridge Card abuse by college students, saving the state an estimated \$75 million.**
- ✓ Established an asset review test to ensure only the truly needy are eligible for food assistance.
- ✓ The Department of Human Services Inspector General detected and put a stop to approximately 200 percent more welfare fraud than in 2010.
- ✓ **Updated Michigan's Emergency Manager Law to give the state an early warning when local governments are in financial distress and the tools to help them avoid bankruptcy.**
- ✓ Installed fraud detection software to help save the state millions by preventing unemployment fraud.
- ✓ Working to consolidate state employee office space to save the state money.

Using technology to improve customer service

- ✓ **Revamped the e-license system to make it easier to purchase hunting, fishing and other licenses from the state.**
- ✓ Developed and launched an online Summer Food Service site locator for low-income families to find free and nutritious summer meals for children.
- ✓ Published a 2011 Michigan Transportation Map that enables travelers to use smart phones to scan QR codes to get more information. No other state includes multiple QR codes and links on their map.
- ✓ **Built a new Licensing and Regulatory Affairs website aimed at improving customer service and making information more readily available.**
- ✓ Introduced a free mobile version of MDOT's popular MI Drive traffic website.
- ✓ Launched Camping and Recreation Locator app for iTunes, Blackberry and Android phones.
- ✓ **Helped the Secretary of State's office launch ExpressSOS, giving residents more options to complete transactions online.**
- ✓ Made enhancements to the online business self-service application, which will allow users to verify sales tax licenses, request additional forms or copies of licenses, and verify payment amounts.



Using technology to improve customer service (continued)

- ✓ Made paying taxes more convenient by allowing taxpayers to pay income taxes using a credit or debit card, which also saves the state money by reducing the cost to process checks.
- ✓ **Rolled out new system allowing the public to obtain construction permits online.**
- ✓ Launched the Talent Connect website www.mitalent.org to help those considering education and training opportunities make informed decisions that will lead to employment in fields where jobs are in demand. The MiTalent website also has position listings to help connect job seekers and employers.

Protecting natural resources and improving quality of life

- ✓ **Issued an executive order creating separate departments of Natural Resources and Environmental Quality, allowing the departments to better focus on their core missions.**
- ✓ Approved more than \$102 million in Natural Resources Trust Fund grants for 117 land acquisitions and recreation projects.
- ✓ Signed legislation that will help the Department of Natural Resources better protect Michigan's natural resources by allowing volunteers to take on a larger role in the state's land and wildlife conservation efforts.
- ✓ **Included funding for Great Lakes restoration projects in the budget.**
- ✓ Saved 23 state forest campgrounds that were set to be closed due to state budget cuts by entering into creative joint operating agreements with local communities.
- ✓ Added new permitting provisions for hydraulic fracturing to further increase accountability and environmental protection while still allowing oil and natural gas to be captured.
- ✓ Re-established the Wetlands Advisory Committee.
- ✓ The Department of Environmental Quality is working with Michigan food producers on environmentally safe wastewater disposal methods in order to resolve long-standing concerns around the state.
- ✓ Created a youth-mentored hunting program.
- ✓ **Strengthened the Michigan Agriculture Environmental Assurance Program in order to help farmers run environmentally sound operations that are economically viable.**
- ✓ Won the prestigious Gold Medal Award for the best state park system from the National Recreation and Parks Association.
- ✓ Created the Office of Environmental Assistance to make businesses a partner in pollution prevention efforts.
- ✓ Defended Michigan's Ballast water standards to protect against invasive species when the federal government sought to weaken the standards.
- ✓ **Vetoed legislation that would have prevented the state from implementing any regulation stricter than federal standards, which would have undermined the state's ability to deal with situations unique to Michigan.**

